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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 – Paid Up  
With 320 Acres Pooling Provision

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 10<sup>th</sup> day of May, 2008, by and between DONALD L. HUDGINS, JR., whose mailing address is 722 N Main, Main, Fort Worth, Texas 76164, JANUS ASSOCIATES, LTD., whose address is P.O. Box 166379, Irving, Texas 75014, MICHAEL W. BROOME and RICHARD PATTEN, (collectively referred to herein as "Lessor") (whether one or more), and HILLWOOD ENERGY, L.P., 13600 Heritage Parkway, Suite 200, Fort Worth, Texas, 76177 as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land located in the County of Tarrant, State of Texas, hereinafter called leased premises:

See Exhibit "A" attach hereto and made a part hereof.

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SUZANNE HENDERSON  
COUNTY CLERK

(including any interests therein which Lessor may own in and to all streets, alleys, lanes, roads, ditches, canals, coulees, public or private, adjacent to or traversing the lands described above, whether or not specifically described herein, and any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above described leased premises, this lease also covers accretions and any small strips or parcels of land now owned by Lessor which are contiguous or adjacent to the above described lease premises, but were inadvertently left out of the legal description. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease, requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty-five percent (25%) of the market value, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the market price.

4. "Market Value" Defined. It is expressly agreed that for the purposes of this Lease the term "market value," as used herein is defined as follows:

(i) Oil and gas produced from the Leased Premises shall not be sold to or sold, marketed, traded, or otherwise disposed of by or through any subsidiary or affiliate of Lessee without Lessor's prior written consent which consent shall not be unreasonably withheld.

(ii) If the gas produced hereunder is sold by Lessee pursuant to an arms-length contract with a purchaser which is not a parent, subsidiary or affiliate of the Lessee then the "market value" of gas sold pursuant to such contract shall be the price received by the Lessee there for; provided, however, that if such contract makes any deductions for the expenses of production of such gas, then all such deductions shall be added to the price received by Lessee for such gas for the purpose of the payment of royalties, so that Lessor's royalty shall not bear, directly or indirectly, any of such expenses.

(iii) On all gas which is used by Lessee (except certain gas used for production operations as hereinafter provided) or which is sold under a contract which does not meet with requirements of Paragraph 3(b) above, the "market value" of such gas shall be considered to be the higher of the price received by (a) Lessee or, (b) Lessee's parent, subsidiary or affiliate in the final sale thereof.

5. The royalty reserved to Lessor hereunder shall be free and clear of all costs and expenses of exploration, drilling, production, gathering, separating, storing, dehydrating, compressing, transporting, processing, treating, marketing, delivering, or any other post production costs and expenses. Lessor's royalty share shall also be free and clear of all costs of construction, operation or depreciation of any plant or other facilities or equipment used for processing, treating and/or transporting said production.

6. In no event shall the volume of gas used to calculate Lessor's royalty be reduced for any gas produced from the Leased Premises and used by Lessee as fuel for lease operations or for compression or dehydration of gas.

7. Other Royalty Provisions

(i) Lessee shall exercise due diligence in seeking favorable markets for and in marketing the substances which may be produced from the Leased Premises.

(ii) Pertaining to gas royalty, Lessor shall be entitled to its Royalty Share on the amount realized by Lessee from sales, including but not limited to take-or-pay payments, and on monetary settlements received by Lessee for any breach of contract by Lessee's purchaser relating to the marketing, pricing and/or taking of oil and/or gas production from the premises, NOT on mere production.

(iii) The term "affiliate" as used herein means (i) any corporation, trust, partnership, limited liability company, individual or other entity or person of any kind that owns, either directly or indirectly, as much as a fifty percent (50%) interest in Lessee, or in which Lessee owns as much as a fifty percent (50%) interest either directly or indirectly, or is an entity in which as much as a fifty percent (50%) interest is owned either directly or indirectly by the same entity that is the owner either directly or indirectly of as much as a fifty percent (50%) interest in Lessee.

  
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8. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. For the purpose of this lease, a well "capable of producing" shall mean a well that has been completed, is ready to produce, and will be produced when the well is turned-on. For a well to be deemed "capable of producing," the well must be fully equipped and ready to produce. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one hundred and twenty five dollars (\$125.00) per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. This Lease may not be maintained by the payment of shut-in royalty for more than two (2) consecutive years.

9. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit at Lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

10. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of production and prosecutes such operations with due diligence until completed. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with due diligence and no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage from any formation by any well or wells located on other lands not pooled therewith.

11. "Actual drilling operations" as used in this Lease shall be considered to be commenced when there has been erected on the lands pooled with the Leased Premises, or on lands from which Lessee plans to drill beneath the Leased Premises at the location for such well, a derrick, a rig or machinery capable of drilling an oil and/or gas well to its permitted depth, and when such well shall be "spudded-in" and rotating under power. Whenever the provisions of this Lease refer to "commence" or "commencement" of a well, it is intended to mean the commencement of actual drilling operations. For the purposes hereof, a well shall be deemed to have been completed on the earliest of the following date: (i) the date on which the well is plugged and abandoned as a dry hole, (ii) the date ninety (90) days after the date on which the well reached total depth (in the case of a horizontal well, the date the well has been drilled to the terminus of the lateral portion of the wellbore), or (iii) the date certified to the Texas Railroad Commission as the date a well has been completed as a well capable of production. "Reworking operations" as that term is used in this Lease shall mean reentry into a well previously completed as a producer, and actual work in the hole, in a good and workmanlike manner and prosecuted with reasonable diligence.

12. Lessee shall have the right to pool all or any part of the leased premises or interest therein with any other lands or interest, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 320 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. All pooled unit or units shall be limited in depth to the bottom of the producing formation. No pooling or unitization shall be effective unless Lessee executes and places of record in the county in which the Leased Premises are located a written instrument or instruments designating the unit or units it has elected to form. Lessee shall send to Lessor a true and correct copy of each pooling and/or unitization instrument immediately after recordation. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be the proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, all in Lessee's sole discretion. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests. Notwithstanding the above provisions, however, Lessee shall not be entitled to pool or unitize the Leased Premises with other land(s) or lease(s) unless all the Leased Premises are included in one or more units, unless prior consent is obtained from Lessor, which consent shall not be unreasonably withheld. Lessee may not release any lands within a designated pooled unit while operations are being conducted anywhere within said pooled unit for unitized minerals unless all pooled leases are released as to lands with said pooled unit.

13. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

14. Lessee shall be the operator of this Lease, and shall conduct its operations with due diligence, in a good and workmanlike manner as would a reasonably prudent operator. Lessee shall not assign the operations of this Lease without the express prior written consent of Lessor after full disclosure, such consent not to be unreasonably withheld. Notwithstanding the preceding sentence and anything to the contrary, any assignment of all of this lease to a publicly traded company with a market capitalization in excess of \$1 billion is allowed and deemed approved by Lessor. All assignees of Lessee shall ratify the terms and provisions of this Lease. Any attempted assignment in violation of this paragraph is void. No change or division in ownership of the Leased Premises however accomplished shall operate to enlarge the obligations or diminish the rights of either the Lessee or the Lessor. In the event of assignment of this Lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this Lease, severally as to acreage owned by each. Except as specifically prohibited by this paragraph, the interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above.

15. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest, in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

16. Notwithstanding anything herein to the contrary, Lessee, its employees, agents, contractors and affiliates, shall have no right to enter upon, conduct any drilling or surface operations of any nature, or place any facilities or structures of any kind on, over or across any portion of the Leased Premises (including, but not limited to, exploration activities of any nature, the building of roads, tanks, power stations, telephone lines, flow lines, pipelines, electric power lines, and/or tank batteries). Provided, however, Lessee shall have the right to enter the Leased Premises with a subsurface

  
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horizontal or directional wellbore drilled from a pad site on other lands at a subsurface depth of greater than (500) feet from the surface of the leased Premises in an effort to explore for and develop oil and gas under Leased Premises.

17. (i) Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby.

(ii) Should Lessee be prevented from complying with any expressed obligation or implied covenant of this Lease in conducting operations on the Leased Premises or from producing oil and/or gas from the Leased Premises in a normal manner by operations of force majeure or acts of God, or acts of governmental authority, then while so prevented, Lessee's compliance with such obligation(s) or covenant(s) shall be suspended, and Lessee shall not be liable in damages for failure to comply. This Lease shall be continued in full force and effect while, and so long as, Lessee is prevented by any such cause from conducting operations on or producing oil or gas from the Leased Premises in a normal manner. The time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.

(iii) Within ten (10) days after the date of an occurrence which Lessee considers to constitute force majeure, Lessee shall give Lessor written notice of the date of and full details concerning such occurrence and shall keep Lessor fully advised by written reports on a week by week basis as to the status of Lessee's efforts to remedy the cause or causes. Lessee shall give Lessor written notice of the particular date upon which any such cause or causes are remedied and force majeure ceases to be operative.

(iv) The provisions of above subparagraph (b) are for the purpose of Lessor's being informed as to the date of commencement of any particular period of force majeure, the current status, and the date of termination thereof, and it is expressly provided that the serving of said notices and making said reports by Lessee shall not be deemed an admission by Lessor that force majeure is actually operative and shall not preclude Lessor from contending that force majeure is not operative. Failure of Lessee to timely give Lessor any aforesaid notice or report shall not prevent force majeure from being operative if it is in fact and law operative.

(v) Nothing contained in this Lease shall be construed to suspend the payment of royalty, shut-in royalty or other payments required under this Lease.

(vi) This Lease shall in no event be extended under the terms of this paragraph for a period longer than two (2) years.

18. (i) In addition to other rights and remedies set out herein, Lessor is specifically entitled to the remedy of termination of this Lease in the event of Lessee's breach or default of and/or non-compliance with the terms and provisions hereof. Lessee shall not be deemed or held to be in breach or default or to have failed to comply with any obligation or condition, expressed or implied, until thirty (30) days after receipt by Lessee of written notice from Lessor, setting out specifically the nature of such breach, default and/or non-compliance. During such thirty (30) day period Lessee may comply or commence to comply with such obligation or covenant, and if such obligation or covenant is thereupon or thereafter diligently complied with, then Lessee shall be deemed to have fully complied with such obligation or covenant. Neither the service of written notice nor the doing of any acts by Lessee to correct the alleged failure of compliance shall be deemed an admission or presumption that Lessee has failed to comply with any obligation or covenant.

(ii) The foregoing provisions regarding notice of noncompliance under this Lease (i) shall not apply to obligations in this Lease for which time limits for performance are separately stated, and/or the habendum clause set out in Paragraph 2 herein above, and (ii) shall not be construed as extending the time within which Lessee's obligations under this Lease must be performed.

19. After the leased premises has been developed and is producing, for the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a subsurface easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface easements shall be used exclusively for well bores and shall run with the land and survive any termination of this lease.

20. Lessee at Lessee's option may pay and discharge any delinquent taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder.

21. If Lessee obtains production of oil, gas and/or other hydrocarbons from the Leased Premises and/or lands pooled with the Leased Premises, Lessee agrees to disburse Lessor's royalty to Lessor not later than the last day of the month following the month that payment is received by Lessee. Royalties paid later than ninety (90) days following the date production shall bear interests at the lower of (i) the highest rate of interest provided by law, or (ii) eighteen percent (18%) per annum. Notwithstanding language contained in this paragraph to the contrary, Lessee may accumulate funds payable to Lessor (royalties and accumulated interest) for up to twelve months if the total amount owed is \$25.00 or less. Lessee is obligated to make and shall be liable for the payment of royalties and/or shut-in royalties hereunder irrespective of the failure or bankruptcy of any third party purchaser of oil and/or gas, and irrespective of the execution by the Lessor of any division order or other similar agreement in favor of any such third party purchaser. If Lessee defaults in the timely payment of any such royalty and interest, for any reason, and does not remedy such default within thirty (30) days of the date of receipt of a written notice from Lessor advising Lessee of such default, then in that event, Lessor shall in addition to any other remedies and rights Lessor may have as a result of such default, have the right to cancel and terminate this Lease by notifying Lessee in writing of such cancellation and filing for record in the county in which the Leased Premises are located a notice that this Lease has been canceled and terminated.

22. If in the event of production, a division order or a stipulation of interest or other such document or form is circulated by Lessee, or assigns or by a purchaser of production, for interest owners under this Lease to sign, such instrument or form will only be a simple statement of interest consistent with the royalty portion of this Lease, and containing no warranty or indemnity clauses and containing no clauses modifying or ratifying in any way the terms of this Lease. Insertion of any such prohibited clause will be of no force and effect. Absent a bona fide title dispute, failure or delay of Lessor to sign and return a division order or stipulation of interest or other such form circulated by Lessee shall not relieve Lessee of its obligation to pay Lessor's royalty to Lessor as provided for in Paragraph 20 herein above, nor shall it entitle Lessee to pay Lessor's royalties into a suspense account. Lessor makes this Lease without warranty of title either express or implied, and may not be required to return the consideration received for this Lease, including but not limited to lease bonus, delay rentals or royalties received hereunder, it being the express intent of the parties hereto that the risk of failure of title shall be borne by Lessee. Lessee agrees to consult Lessor concerning any proposed action to be taken concerning title curative matters, and Lessee shall give Lessor an opportunity to express its opinion concerning same prior to any action being taken by Lessee. Execution by Lessor of a division order or a stipulation of interest or other such document or form is circulated by Lessee, or assigns or by a purchaser of production after this Lease has terminated shall not resurrect, revive, ratify or otherwise reinstate the terminated Lease.

23. Notwithstanding anything herein to the contrary, should Lessee exercise its option to pool any portion of the leased premises with other lands, lease or leases, then production from such pooled unit shall continue this lease in force and effect after the primary term as to that portion of the leased premises included in such pooled unit as hereinabove provided, but not as to such portion of the leased premises not included in such pooled unit. This lease may be kept in force and effect as to such remainder acreage in any manner elsewhere provided in this lease.


24. In the event that this lease expires as to all or a part of the acreage covered herein, then, as to such expired acreage (and only as to such expired acreage), Lessee agrees to deliver to Lessor, or file of record, a written release of this lease as to such expired acreage within ninety (90) days of said expiration. In the event that Lessee fails to deliver or record said release within said 90 day period, Lessor may notify Lessee in writing of said failure and Lessee shall have thirty (30) days from the date of receipt of said written notice to deliver to Lessor or file of record said written release.


26. Lessee will use state of the art techniques and equipment to minimize the noise of operations. Lessee shall use its best efforts to avoid the use of compressors and/or pump jacks. To the extent compressors become necessary, such compressors shall be electric. If electricity is not available, such compressors shall be state of the art equipment, of the minimum horsepower necessary to power only the wells on site, possess a 'hospital soft' muffler directed toward the ground and be housed with sufficient insulation as to reduce the noise emitted to an acceptable level. Should pump jacks be required, Lessee shall use electric pump jacks where electricity is available. If electricity is not available, Lessee shall take such measures as are necessary to assure that the pump jacks do not emit noise at an unreasonable level so as to diminish the quality of life of the Lessor.

25. Lessor shall have the right, at its own expense, at any reasonable time, on an annual basis, to make an audit of Lessee's accounts, contracts, books and records pertaining to the Leased Premises for the purpose of ascertaining the amount of production and sales and the cost of manufacturing and extracting any and all substances covered by this Lease. If the audit reveals an underpayment, Lessee shall be responsible for the costs of the audit; however, Lessee shall only be liable for such costs to the extent the audit costs are equal to or less than the amount of the audited underpayment. In no event shall this provision be construed to limit or restrict Lessor's rights to assert any claims against Lessee under applicable law.


26. Lessor and Lessee specifically acknowledge that the terms and provisions of this Lease were negotiated between the parties based upon common assumptions, and that neither party shall be deemed to have drafted this Lease. Should either party hereto, and/or any party claiming by or through any party to this Lease, and/or any party claiming to have an interest in this Lease contest the validity of any term and/or provision contained in this Lease, or should any term and/or provision of this Lease be declared to be invalid by a court of competent jurisdiction, then the non-contesting party, their heirs, successors, representatives and/or assigns may terminate the balance of the Lease. In the event of such an election to terminate, the entire Lease shall be null, void and have no further force and effect.

27. Lessee agrees to indemnify Lessor and save Lessor harmless against any and all claims, demands, actions and/or causes of action filed by or on behalf of third persons for damages or injuries of any kind or character, whether for injury or death to person or damage to property which might arise out of Lessee's operations. Lessee further agrees that it will bear all attorney fees and other costs incurred in defending against claims arising out of Lessee's operations. Additionally, Lessee will comply with all applicable laws, rules, orders and regulations of Federal, State

  
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and/or local governmental agencies. Lessor will be held harmless if Lessee fails to comply with such laws, rules, orders and regulations with respect to Lessee's operations hereunder.

28. As a condition of this Lease, at all times during the existence of this Lease, Lessee shall maintain insurance for damages because of bodily injury, including death, to its employees and all others; and from claims for damages to property all of which may arise out of, or result from Lessee's performance under this Lease whether such operations be by Lessee, its assignee, sublessee, contractor, subcontractor, agent, or by anyone directly or indirectly employed by Lessee, but not otherwise.

29. It is understood, acknowledged and agreed that this Lease is by and among the parties hereto; and, only the parties hereto, their heirs, successors and/or assigns may enforce the terms and provision hereof, or any of them. This Lease is not intended to benefit any outside third party or parties regardless of whether any terms or provisions of this Lease incidentally benefit any such outside third party or parties either directly or as a class.

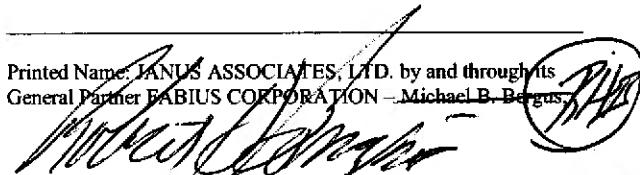
30. This Lease shall not become effective or bind either party hereto, or create a leasehold estate in the Leased Premises until it has been executed by both parties hereto. This Lease shall be executed in duplicate originals, each of which shall be deemed an authentic original of the Lease. Lessee shall provide Lessor with one fully executed original.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors, and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.



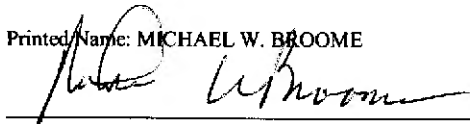
Printed Name: DONALD L. HUDGINS, JR.

Printed Name: JANUS ASSOCIATES, LTD. by and through its  
General Partner FABIUS CORPORATION - Michael B. Bourgeois

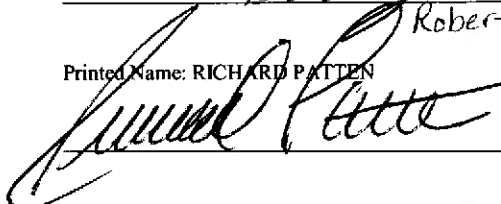


Robert H. Bourgeois, VP

Printed Name: MICHAEL W. BROOME



Printed Name: RICHARD PATTEN



Printed Name:

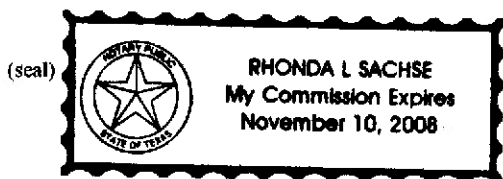
Printed Name:

#### ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the 19<sup>th</sup> day of MAY, 2008, by MICHAEL W BROOME



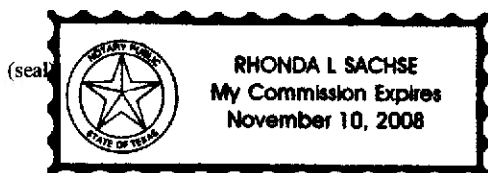
Rhonda L. Sachse  
Notary

#### ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the 19<sup>th</sup> day of May, 2008, by RICHARD PATTEN



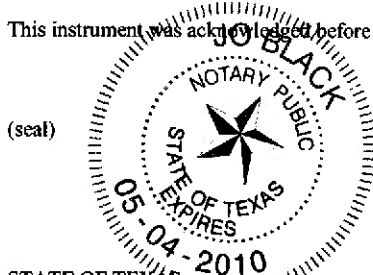
Rhonda L. Sachse  
Notary

#### ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF arrant

This instrument was acknowledged before me on the 19 day of May, 2008, by Donald L. Hudgins Jr.



R. Sach  
Notary

#### PARTNERSHIP ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF DALLAS

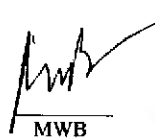
On this 19<sup>th</sup> day of May, 2008, before me came Robert H. Bourgeois, Vice President of Fabius Corporation, who is personally known to me to be the same person who executed the foregoing instrument on behalf of Janus Associates, Ltd, a Texas Limited Partnership and he/she acknowledged that he/she executed the same.

IN WITNESSOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

(seal)

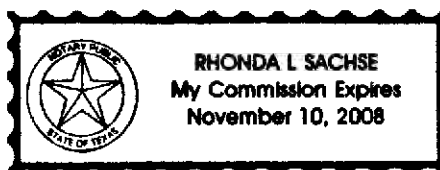
Rhonda L. Sachse  
Notary

  
DLH, Jr.

  
MWB

  
RP

  
JANUS.



## Exhibit A

### TRACT 1

Being a tract of land situated in the Z.D. Davis Survey, Abstract No. 1888, Tarrant County, Texas, being a part of that certain tract of land as described by deed to Kingsley Creek Venture, Ltd., recorded in Volume 14389, Page 256, Deed Records, Tarrant County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a point in the easterly right-of-way line of Alta Vista Drive (60' wide right-of-way) and the northwest corner of Lot 1, Block A, Lost Spurs Apartments Addition, an addition to the City of Fort Worth, according to the plat recorded in Cabinet A, Slide No. 6496, Plat Records, Tarrant County, Texas.

THENCE along said easterly right-of-way line of Alta Vista Drive the following courses and distances:

North 46°34'41" West, a distance of 454.69 feet to a point at the beginning of a curve to the right having a central angle of 90°00'00", a radius of 20.00 feet and chord bearing and distance of North 01°34'41" West, 28.28 feet;

With said curve to the right and in a northwesterly direction, an arc length of 31.42 feet to a point;

North 43°25'19" East, a distance of 2.00 feet to a point;

North 46°34'41" West, a distance of 120.00 feet to a point;

South 43°25'19" West, a distance of 2.00 feet to a point at the beginning of a curve to the right having a central angle of 90°00'00", a radius of 20.00 feet and chord bearing and distance of South 88°25'19" West, 28.28 feet;

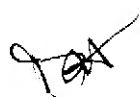
With said curve to the right and in a southwesterly direction, an arc length of 31.42 feet to a point;

North 46°34'41" West, a distance of 11.92 feet to a point at the beginning of a curve to the left having a central angle of 27°13'17", a radius of 280.00 feet and chord bearing and distance of North 60°11'19" West, 131.78 feet;

With said curve to the left and in a northwesterly direction, an arc length of 133.03 feet to a point the southeast corner of Lot 26, Block 10, Lost Spurs Addition, an addition to the City of Fort Worth, according to the plat recorded in Cabinet A, Slide No. 5742, Plat Records Tarrant County, Texas;

THENCE North 43°25'19" East, departing said easterly right-of-way line of Alta Vista Drive and with the easterly line of said Lost Spurs Addition, a distance of 1,439.92 feet to a point in the northerly right-of-way line of Cattlebaron Drive (50' wide right-of-way) and in a southerly line of Lot 15, Block 1, of said Lost Spurs Addition;

THENCE South 46°34'41" East, with said southerly line of Lot 15, Block 1, a distance of 3.73 feet to a point at the beginning of a curve to the left having a central angle of 43°25'19", a radius of 75.00 feet and chord bearing and distance of South 68°17'20" East, 55.49 feet;

  
DLH, Jr.

  
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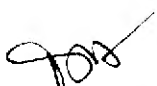
THENCE continuing with said southerly line of Lot 15, Block 1 and with said curve to the left and in a southeasterly direction, an arc length of 56.84 feet to a point;

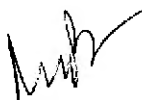
THENCE EAST, continuing with said southerly line of Lot 15, Block 1, a distance of 120.22 feet passing the southeast corner of said Lot 15, Block 1 and continuing in a over all distance of 150.22 feet to a point in Haslet-Roanoke Road (County Rd. No. 4096):


THENCE South 00°39'49" East, a distance of 1,142.81 feet to a point at the northeast corner of aforementioned Lot 1, Block A, Lost Spurs Apartments Addition;

THENCE South 89°20'11" West, with the northerly line of said Lot 1, Block A, Lost Spurs Apartments Addition, a distance of 285.11 feet to a point;

THENCE South 43°25'19" West, continuing with said northerly line of Lot 1, Block A, a distance of 513.45 feet to the POINT of BEGINNING and containing 1,005,134 square feet or 23.075 acres of land.

  
DLH, Jr.

  
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JANUS.

## TRACT 2

Being a tract of land situated in the Z.D. Davis Survey, Abstract No. 1888, Tarrant County, Texas, being a part of that certain tract of land as described by deed to Kingsley Creek Venture, Ltd., recorded in Volume 14389, Page 256, Deed Records, Tarrant County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a pint in the easterly right-of-way line of Alta Vista Drive (60' wide right-of-way), the southwest corner of Lot 1, Block A, Lost Spurs Apartments Addition, an addition to the City of Fort Worth, according to the plat recorded in Cabinet A, Slide No. 6496, Plat Records, Tarrant County, Texas and being in Keller-Haslet Road (County Road No. 4042);

WEST, with Keller-Haslet Road, a distance of 60.00 feet to a point and being the POINT of BEGINNING of herein described tract of land;

THENCE continuing with said Keller-Haslet Road, a distance of 1,420.09 feet to a point at the southeast corner of a tract of land as described by deed to William and Ina B. Jameson, recorded in Volume 12385, Page 1945, Deed Records, Tarrant County, Texas;

THENCE North 00° 39' 49" West, with the east line of said of William and Ina B. Jameson tract, a distance 200.39 feet to a point at the northeast corner of said William and Ina B. Jameson tract;

THENCE WEST, with the north line of said William and Ina B. Jameson tract, a distance of 92.93 feet to a point in the east line of a tract of land as described by deed to William and Ina B. Jameson, recorded in Volume 12385, Page 1941, Deed Records, Tarrant County, Texas;

THENCE North 00°39'49" West, with said east line of William and Ina B. Jameson tract, a distance of 200.30 feet to a point at the southwest corner of a tract of land as describe by deed to City of Fort Worth, recorded in Volume 14458, Page 10, Deed Records, Tarrant County, Texas;

THENCE North 43°25'19" East, 1,225.49 feet to a point in the westerly right-of-way line of aforementioned Alta Vista Drive;

THENCE with said westerly right-of-way line of Alta Vista Drive the following courses and distances:

South 46°34'41" East, a distance of 120.00 feet to a point;

North 43°25'19" East, a distance of 2.00 feet to a point at the beginning of a curve to the right having a central angle of 90°00'00", a radius of 20.00 feet and chord bearing and distance of North 88°25'19" East, 28.28 feet;

With said curve to the right and in a northeasterly direction, an arc length of 31.42 feet to a point;

South 46°34'41" East, a distance of 558.86 feet to a point at the beginning of a curve to the right having a central angle of 45°54'51", a radius of 470.00 and chord bearing and distance of South 23°37'15" East, a distance of 366.64 feet;

DLH, Jr.

MWB

RP

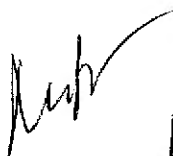
JANUS.

With said curve to the right, an arc length of 376.64 feet to a point;

South 00°39'49" East, a distance of 490.47 feet to the POINT of BEGINNING and containing 1,358,423 square feet or 31.185 acres of land.



DLH, Jr.



MWB



RP



JANUS.





CARLA PETROLEUM  
ATTN: GRANT GREEN  
1320 S UNIVERSITY # 405  
FT WORTH TX 76107  
Submitter: GRANT D GREEN

---

SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 05/22/2008 10:59 AM  
Instrument #: D208191991  
LSE 9 PGS \$44.00

By: \_\_\_\_\_



**D208191991**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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